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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, FEBRUARY 29, 2000

APPLICATION OF

RAPPAHANNOCK ELECTRIC COOPERATIVE

CASE NO. PUE000088

For Approval of an Electricity  
Retail Access Pilot Program

ORDER ESTABLISHING PROCEDURAL SCHEDULE

On February 8, 2000, Rappahannock Electric Cooperative ("Rappahannock" or "the Cooperative") filed public and nonpublic versions of an application with the State Corporation Commission ("Commission"), requesting expedited consideration and approval of an electricity retail access program pursuant to §§ 56-234 and -577 C of the Code of Virginia. Rappahannock filed various rate schedules, terms and conditions, tariff revisions, supporting information, and testimony with its application.

According to its application, Rappahannock maintains that its retail access pilot program will provide customers of the Cooperative an opportunity to gain experience in selecting a retail supplier of electricity generation services and will enable the Cooperative to collect information about and gain experience with the infrastructure and procedures necessary to support a competitive market for generation services in

Virginia. Rappahannock proposes that during the pilot program approximately 1.3% of the Cooperative's 70,500 customers, i.e., approximately 900 customers, would be given the opportunity to select an Energy Service Provider ("ESP"). Rappahannock expects that the participants will represent approximately five megawatts of load, which, the Cooperative represents, is the equivalent of approximately 50% of the Cooperative's annual load growth. The Cooperative proposes to have the following number of participants by customer class: 875 residential customers; 15-20 small commercial customers having less than 100 kilowatts of usage; and 1-10 industrial customers that contract for 100 kilowatts or greater.

The Cooperative explained that there would be no geographic limits on its pilot program and that participants may come from anywhere within Rappahannock's service territory. Participants will be permitted to choose among available ESPs, provided they are licensed and approved by the Commission. Rappahannock customers participating in the pilot would continue to receive electricity through the Cooperative's distribution system and will continue to be billed through the Cooperative's existing monthly billing statement, which will be modified to differentiate between delivery costs and energy costs.

Rappahannock proposes to implement its pilot program approximately 150 days after it receives its final regulatory

approvals. It represents that it will seek to implement its plan for the pilot program in coordination with the implementation of the Virginia Electric and Power Company and American Electric Power-Virginia pilot programs in order to take advantage of mutually beneficial public education and publicity opportunities.

The Cooperative also filed a Motion for Protective Order, alleging that certain information presented by witnesses James M. Drzemiecki and Jack D. Gaines discusses proprietary, commercially sensitive market projections that Rappahannock seeks to protect from public disclosure.

On February 25, 2000, the Commission entered a Protective Order, governing the terms under which confidential information, testimony, and discovery responses could be accessed.

NOW, UPON consideration of the Company's application and the applicable statutes, the Commission is of the opinion and finds that the Cooperative should provide notice to those persons affected by its application; that members of the Commission's Staff should investigate said application and present their findings in testimony at the public hearing scheduled herein; that a Hearing Examiner should be appointed to this matter; and that a public hearing should be convened to receive evidence relevant to the Cooperative's application.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to Rule 7:1 of the Commission's Rules of Practice and Procedure ("Rules"), 5 VAC 5-10-520, a Hearing Examiner is appointed to conduct all further proceedings in this matter on behalf of the Commission and to file a final report with a transcript of this proceeding.

(2) A public hearing on the application is scheduled before a Hearing Examiner for Thursday, May 18, 2000, at 10:00 a.m., in the Commission's second floor courtroom located in the Tyler building, 1300 East Main Street, Richmond, Virginia for the purpose of receiving evidence relevant to the Cooperative's application.

(3) On or before March 10, 2000, Rappahannock shall file an original and fifteen (15) copies of any additional direct testimony and materials it intends to present in support of the captioned application during the public hearing to be convened on May 18, 2000.

(4) Copies of the public version of the application and accompanying testimony and documents shall be made available for public inspection in the Commission's Document Control Center located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia between the hours of 8:15 a.m. and 5:00 p.m., or can be ordered from John A. Pirko, Esquire, LeClair Ryan, P.C., 4201 Dominion Boulevard, Suite 200, Glen Allen, Virginia 23060. Access to documents labeled confidential

or proprietary shall be governed by the terms of the Protective Order entered herein.

(5) Any person desiring to comment in writing on Rappahannock's application may do so by directing such comments on or before April 14, 2000, to the Clerk of the Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. Such comments must refer to Case No. PUE000088. Any person desiring to make a statement at the public hearing concerning the application need only appear in the Commission's second floor courtroom at 9:45 a.m. on the day of the hearing and identify himself or herself to the Bailiff as a public witness.

(6) On or before March 31, 2000, any person desiring to participate as a protestant, as defined in Rule 4:6, 5 VAC 5-10-180, shall file with the Clerk of the Commission an original and fifteen (15) copies of a Notice of Protest, as provided in Rule 5:16(a), 5 VAC 5-10-420(B), and shall on the same date serve a copy of said notice on counsel to Rappahannock, John A Pirko, Esquire, LeClair Ryan, P.C., 4201 Dominion Boulevard, Suite 200, Glen Allen, Virginia 23060; and on the Commission Staff.

(7) Within five (5) days of receipt of a Notice of Protest, Rappahannock shall serve upon each person filing a Notice of Protest a copy of this Order and a copy of all materials now or hereafter available for public review. Upon

the execution by a Protestant of the agreement to adhere to the Protective Order ("agreement") approved herein by separate order, Rappahannock shall likewise serve documents filed with the Commission labeled confidential or proprietary upon any Protestant executing said agreement.

(8) On or before April 14, 2000, each Protestant shall file with the Clerk an original and fifteen (15) copies of its Protest, as required by Rule 5:16(b), 5 VAC 5-10-420(C), and an original and fifteen (15) copies of the testimony and exhibits it intends to offer in support of its Protest, and shall serve one (1) copy of the protest, testimony, and exhibits on counsel for the Cooperative at the address listed above and on all other parties and Commission Staff.

(9) The Commission Staff shall investigate the Cooperative's application and, on or before April 26, 2000, shall file with the Clerk of the Commission an original and fifteen (15) copies of the testimony and exhibits that it intends to offer in response to testimony and exhibits previously filed and shall serve one (1) copy of the same on each party of record.

(10) On or before May 8, 2000, Rappahannock shall file with the Clerk of the Commission an original and fifteen (15) copies of any rebuttal testimony and exhibits that it intends to offer in response to testimony and exhibits previously filed and shall

serve one (1) copy on each party and the Staff on or before May 8, 2000.

(11) Rule 6:4, Interrogatories to Parties or Requests for Production of Documents and Things, 5 VAC 5-10-480, shall be modified for this proceeding to the extent that answers and responses to interrogatories shall be served within five (5) calendar days after the receipt of same.

(12) On or before March 15, 2000, Rappahannock shall publish the following notice as classified advertising in newspapers of general circulation throughout its service territory:

NOTICE TO THE PUBLIC OF  
RAPPAHANNOCK ELECTRIC  
COOPERATIVE'S APPLICATION  
FOR AN ELECTRICITY RETAIL  
ACCESS PILOT PROGRAM  
CASE NO. PUE000088

On February 8, 2000, Rappahannock Electric Cooperative ("Rappahannock" or "the Cooperative") filed with the State Corporation Commission ("Commission") public and nonpublic versions of an application containing the details, objectives, and characteristics of its proposed electricity retail access pilot program. In its application, Rappahannock discussed, among other things, the pilot program's objectives, customer participation parameters, pricing structure, customer and employee education, enrollment by energy service providers, distribution system access, metering, billing and payment.

The Cooperative proposes that during the pilot program approximately 1.3% of the

Cooperative's 70,500 customers, i.e., approximately 900 customers, would be given the opportunity to select an Energy Service Provider ("ESP") of their own choosing, provided the ESP is licensed and approved by the Commission. Rappahannock expects that the pilot participants will represent approximately five megawatts of load. The Cooperative proposes to have the following number of participants by customer class: 875 residential customers; 15-20 small commercial customers using less than 100 kilowatts; and 1-10 industrial customers that contract for 100 kilowatts or greater. The Cooperative explained that there would be no geographic limits on its pilot program and that participants may come from anywhere within Rappahannock's service territory. The details of these and other proposals may be reviewed in the Cooperative's application. Interested persons are encouraged to review Rappahannock's application and supporting documents for details.

A public hearing on the Cooperative's application will be convened before a Hearing Examiner on May 18, 2000, at 10:00 a.m., in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia. A copy of Rappahannock's application is available for public inspection between the hours of 8:15 a.m. and 5:00 p.m., Monday through Friday, at the State Corporation Commission, Document Control Center, First Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia or can be ordered from Rappahannock's attorney, John A. Pirko, Esquire, LeClair Ryan, P.C., 4201 Dominion Boulevard, Suite 200, Glen Allen, Virginia 23060.

Any person desiring to comment in writing on Rappahannock's application may do so by directing such comments on or before April 14, 2000, to the Clerk of the State



Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. Written comments must refer to Case No. PUE000088. Any person desiring to make a statement at the public hearing concerning Rappahannock's application need only appear in the Commission's second floor courtroom at 9:45 a.m. on the day of the hearing and identify himself or herself as a public witness to the Commission's Bailiff.

Any person who expects to submit evidence, cross-examine witnesses, or otherwise participate in the proceedings as a Protestant pursuant to Rule 4:6 of the Commission's Rules of Practice and Procedure, 5 VAC 5-10-180, should promptly obtain a copy of the Order Establishing Procedural Schedule and a copy of the Protective Order entered herein from the Clerk of the Commission at the address set out below for complete details of the procedural schedule and instructions on participation in this case.

Individuals with disabilities who require an accommodation to participate in the hearing should contact the Commission at least seven (7) days before the scheduled hearing date at 1-800-552-7945 (voice) or 1-804-371-9206 (TDD).

All written communications to the Commission concerning Rappahannock's application should be directed to Joel H. Peck, Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, and must refer to Case No. PUE000088.

#### RAPPAHANNOCK ELECTRIC COOPERATIVE

(13) On or before March 15, 2000, Rappahannock shall serve a copy of this Order on the Chairman of the Board of Supervisors

of any county and upon the Mayor or Manager of any county, city, or town (or equivalent officials in counties, towns, and cities having alternate forms of government) within Rappahannock's service area affected by the proposed pilot program. Service shall be made by first-class mail or delivery to the customary place of business or residence of the person served.

(14) On or before May 8, 2000, Rappahannock shall provide the Commission with proof of newspaper publication and proof of the notice required by Ordering Paragraphs (12) and (13).